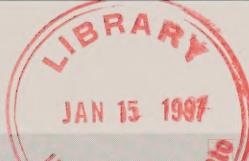


# Government of Canada Securities

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A Publication of the Department of Finance

December 1996

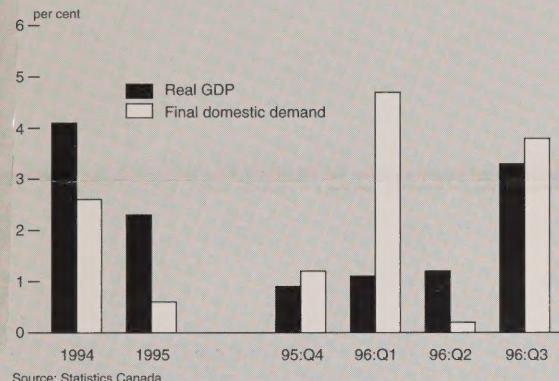


## Selected Canadian economic statistics

|  | 1994 | 1995 | 1995<br>Q4 | 1996<br>Q1 | 1996<br>Q2 | 1996<br>Q3 |
|--|------|------|------------|------------|------------|------------|
| <b>Annualized growth rates</b>                       |      |      |            |            |            |            |
| Real gross domestic product                          |      | 4.1  |            | 2.3        | 0.9        | 1.1        |
| GDP excluding inventories                            |      | 3.6  |            | 2.6        | 3.2        | 3.9        |
| Final domestic demand                                |      | 2.6  |            | 0.6        | 1.2        | 4.7        |
| Employment   |      | 2.1  |            | 1.6        | 1.1        | 2.7        |
| <b>Other</b>   |      |      |            |            |            |            |
| Unemployment rate                                    |      |      | 10.4       | 9.5        | 9.4        | 9.5        |
| Current account balance<br>(per cent of nominal GDP) |      | -3.0 | -1.4       | -0.2       | -0.9       | 0.6        |

Source: Statistics Canada.

## Real GDP, final domestic demand (annualized growth)



Source: Statistics Canada.

## International CPI inflation comparisons

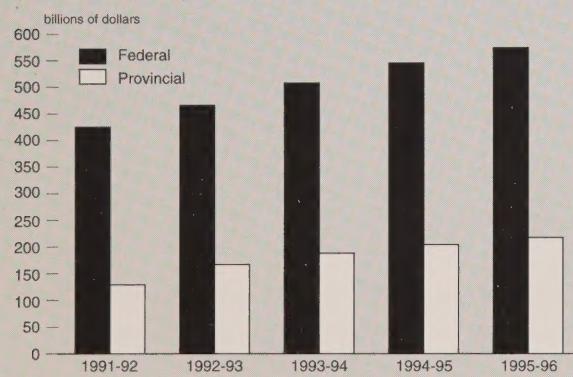
(year-over-year per cent change in CPI)

|               | Average annual growth |      |      |      |      | 1995 |     | 1996 |      |      |      |     |     |     |     |     |     |     |     |
|---------------|-----------------------|------|------|------|------|------|-----|------|------|------|------|-----|-----|-----|-----|-----|-----|-----|-----|
|               | 1991                  | 1992 | 1993 | 1994 | 1995 | Nov  | Dec | Jan  | Feb  | Mar  | Apr  | May | Jun | Jul | Aug | Sep | Oct |     |     |
| Canada        | 5.6                   | 1.5  | 1.8  | 0.2  | 2.1  |      |     | 2.1  | 1.7  | 1.6  | 1.3  | 1.4 | 1.4 | 1.5 | 1.4 | 1.2 | 1.4 | 1.5 | 1.8 |
| United States | 4.3                   | 3.0  | 3.0  | 2.6  | 2.8  |      |     | 2.6  | 2.5  | 2.7  | 2.7  | 2.8 | 2.9 | 2.9 | 2.8 | 3.0 | 2.9 | 3.0 | 3.0 |
| Germany       | 3.5                   | 5.1  | 4.5  | 2.7  | 1.8  |      |     | 1.7  | 1.8  | 1.5  | 1.6  | 1.7 | 1.5 | 1.7 | 1.4 | 1.6 | 1.4 | 1.5 | 1.5 |
| Japan         | 3.3                   | 1.7  | 1.3  | 0.7  | -0.1 |      |     | -0.7 | -0.3 | -0.4 | -0.2 | 0.1 | 0.4 | 0.3 | 0.0 | 0.4 | 0.2 | 0.0 | 0.5 |

Sources: Statistics Canada, OECD, Department of Finance.

## Canadian public sector debt

(stock at end of fiscal year)



Source: Department of Finance.

## Representative Canadian interest rates

|                              | 1995       |      |      |      |      | 1996 |            |      |    |    |
|------------------------------|------------|------|------|------|------|------|------------|------|----|----|
|                              | 1995<br>Q4 | Q1   | Q2   | Q3   | Oct  | Nov  | 1995<br>Q4 | Q1   | Q2 | Q3 |
| Bank rate                    |            | 7.31 | 6.50 | 5.37 | 5.00 | 4.42 | 3.50       | 3.25 |    |    |
| Chartered bank prime<br>rate |            | 8.65 | 7.75 | 7.00 | 6.50 | 5.92 | 5.00       | 4.75 |    |    |
| 3-month Treasury bills       |            | 7.05 | 6.18 | 5.12 | 4.72 | 4.09 | 3.17       | 2.73 |    |    |
| 10-year Canada bonds         |            | 8.08 | 7.39 | 7.75 | 7.37 | 6.47 | 6.05       |      |    |    |
| 30-year Canada bonds         |            | 8.41 | 7.85 | 7.95 | 8.17 | 7.88 | 7.12       | 6.75 |    |    |

## Canada-U.S. interest rate differentials

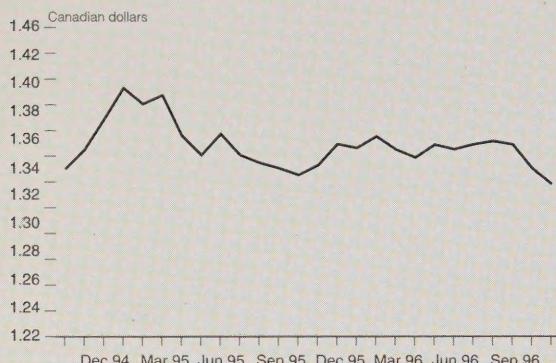
|                        | 1995       |      |      |       |       | 1996  |            |    |    |    |
|------------------------|------------|------|------|-------|-------|-------|------------|----|----|----|
|                        | 1995<br>Q4 | Q1   | Q2   | Q3    | Oct   | Nov   | 1995<br>Q4 | Q1 | Q2 | Q3 |
| 3-month Treasury bills | 1.45       | 0.87 | 0.03 | -0.45 | -1.20 | -2.01 | -2.43      |    |    |    |
| 10-year Canada bonds   | 1.56       | 1.54 | 1.39 | 1.00  | 0.61  | 0.07  | -0.07      |    |    |    |

Sources: Bank of Canada, Department of Finance.

# Government of Canada Securities

## Exchange rate

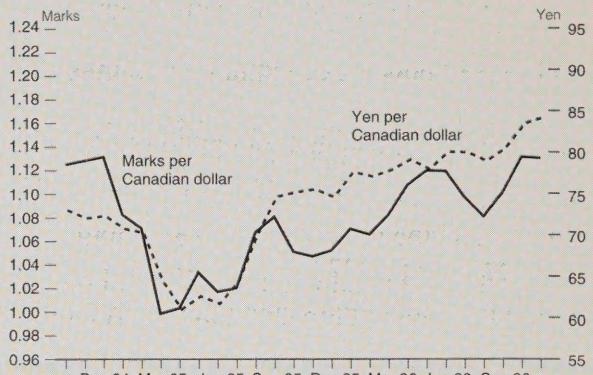
(Canadian dollars per U.S. dollar)



Source: Bank of Canada *Review*.

## Exchange rates

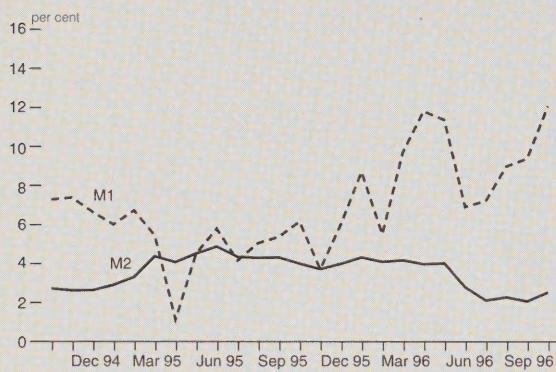
(Marks and Yen per Canadian dollar)



Source: Bank of Canada *Review*.

## Canadian monetary aggregates

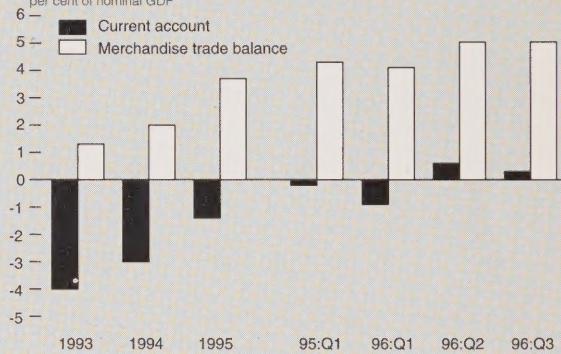
(year-over-year percentage growth)



Source: Bank of Canada *Review*.

## Canada's current account balance and merchandise trade balance

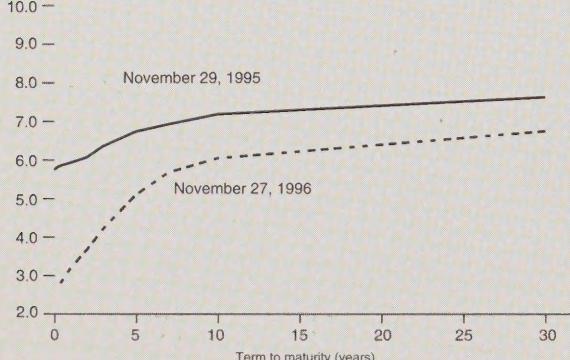
per cent of nominal GDP



Source: Statistics Canada.

## Canadian yield curve

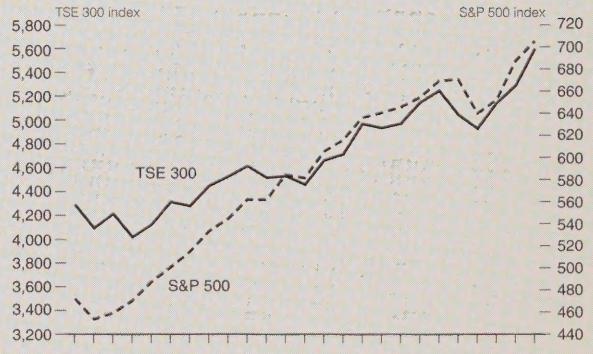
per cent



Sources: Bank of Canada *Review*, Department of Finance.

## Stock market averages

(Canada and the U.S.)



Source: Bank of Canada *Review*.

# Government of Canada Securities

## Upcoming dates of interest

Fourth quarter national accounts release – February 28, 1997

### Government of Canada bond market benchmarks, December 4, 1996

| Term                | Maturity  | Coupon | Amount outstanding    | Yield Dec 4/96 |
|---------------------|-----------|--------|-----------------------|----------------|
| Fixed coupon:       |           | (%)    | (millions of dollars) | (%)            |
| 2-year              | Sep 15/98 | 6.25   | 6,000                 | 3.86           |
| 3-year              | Aug 1/99  | 6.50   | 5,600                 | 4.39           |
| 5-year              | Sep 1/01  | 7.00   | 10,600                | 5.25           |
| 10-year             | Dec 1/06  | 7.00   | 9,100                 | 6.20           |
| 30-year             | Jun 1/25  | 9.00   | 8,900                 | 6.89           |
| <b>Real return:</b> |           |        |                       |                |
| 30-year             | Dec 1/21  | 4.25   | 5,175                 | 4.02           |

The normal bid-ask spread on these bonds is 5 cents.

Source: Department of Finance.

### Recent Government of Canada bond auction results

| Auction date | Term    | Maturity date | Coupon rate | Issue amount          | Auction coverage |
|--------------|---------|---------------|-------------|-----------------------|------------------|
|              | (years) |               | (%)         | (millions of dollars) |                  |
| Sep 18/96    | 10      | Jun 1/07      | 7.25        | 2,400                 | 2.3              |
| Oct 2/96     | 3       | Feb 1/00      | 5.50        | 2,800                 | 2.4              |
| Oct 23/96    | 30      | Jun 1/27      | 8.00        | 1,500                 | 2.4              |
| Nov 6/96     | 10      | Jun 1/07      | 7.25        | 2,400                 | 2.4              |
| Nov 20/96    | 5       | Sep 1/01      | 7.00        | 2,700                 | 2.4              |
| Nov 27/96    | 30      | Dec 1/26      | 4.25*       | 400                   | 2.5              |
| Dec 4/96     | 2       | Mar 15/99     | 4.00        | 3,000                 | 2.2              |

Coverage is defined as the ratio of total bids at auction to the amount auctioned.

\*Real Return Bonds.

Source: Department of Finance.

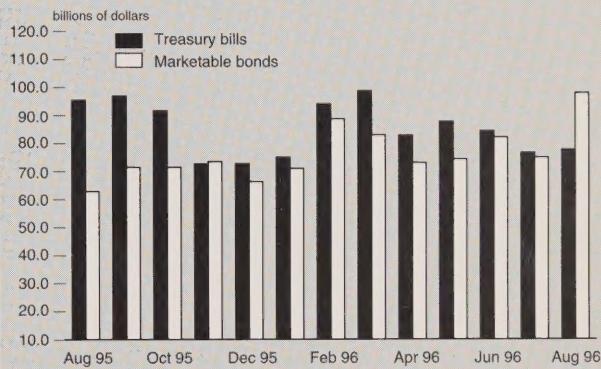
### Forthcoming Government of Canada bond auctions

| Type of issue    | Auction date (1997) | Further details of issue (1997) | Dated and delivered (1997) | Amount maturing (millions of dollars) |
|------------------|---------------------|---------------------------------|----------------------------|---------------------------------------|
| 3-year auction*  | Jan 8               | Jan 3                           | Jan 15                     | —                                     |
| 30-year auction* | Jan 22              | Jan 16                          | Feb 3                      | —                                     |
| 10-year auction* | Feb 12              | Feb 6                           | Feb 17                     | —                                     |
| 5-year auction*  | Feb 26              | Feb 20                          | Mar 3                      | 3,400                                 |
| RRB auction**    | Mar 5               | Feb 27                          | Mar 12                     | —                                     |
| 2-year auction*  | Mar 12              | Mar 6                           | Mar 17                     | 4,800                                 |

\*Quarterly issue.

\*\*Single-price auction format.

### Government of Canada Treasury bills and bonds (market trading, average of Wednesdays)



Source: Bank of Canada Review.

### Outstanding Government of Canada Treasury bills, bonds (by term to maturity), and Canada Savings Bonds (as of November 27, 1996)

| Treasury bills        | Marketable bonds |             |              |               |               | Canada Savings Bonds | Total |
|-----------------------|------------------|-------------|--------------|---------------|---------------|----------------------|-------|
|                       | 0 – 2 years      | 2 – 5 years | 5 – 10 years | 10 – 20 years | 20 – 30 years |                      |       |
| (billions of dollars) |                  |             |              |               |               |                      |       |
| 143.5                 | 13.3             | 85.7        | 89.7         | 45.7          | 37.2          | 271.6                | 33.6  |

Sources: Bank of Canada, Department of Finance.

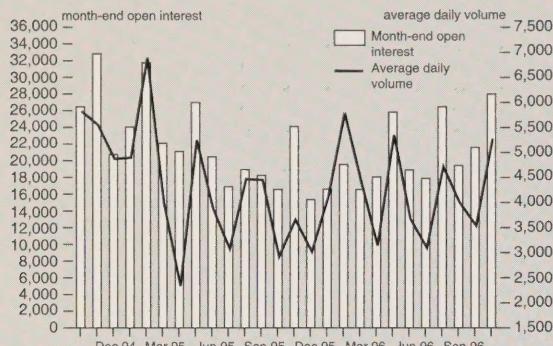
### Government of Canada long-term credit ratings (as of November 29, 1996)

Moody's Investor Service: Aa1 (Canadian dollar debt)  
Aa2 (Foreign currency debt)  
Standard & Poor's: AAA (Canadian dollar debt)  
AA+ (Foreign currency debt)

Dominion Bond Rating Service: AAA (Canadian dollar debt)  
AA (high) (Foreign currency debt)  
Canadian Bond Rating Service: AA+

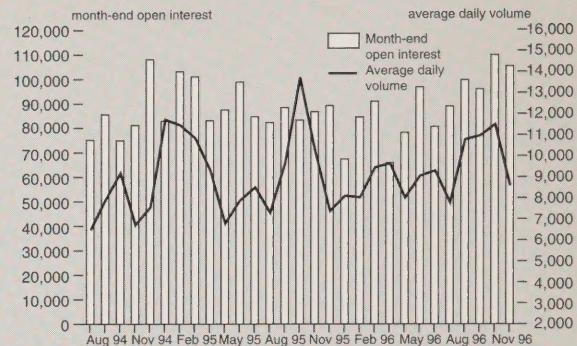
# Government of Canada Securities

## Ten-year Government of Canada bond futures



Source: The Montreal Exchange.

## Three-month Bankers Acceptance futures



Source: The Montreal Exchange.

## Government of Canada budgetary deficit

|   | (billions of dollars) |
|---|-----------------------|
| 1993-94 fiscal year   | 42.0                  |
| 1994-95 fiscal year   | 37.5                  |
| 1995-96 fiscal year   | 28.6                  |
| 1996-97 fiscal year (Economic & Fiscal Update: October 9, 1996) | 24.3                  |
| 1997-98 fiscal year (Economic & Fiscal Update: October 9, 1996) | 17.0                  |

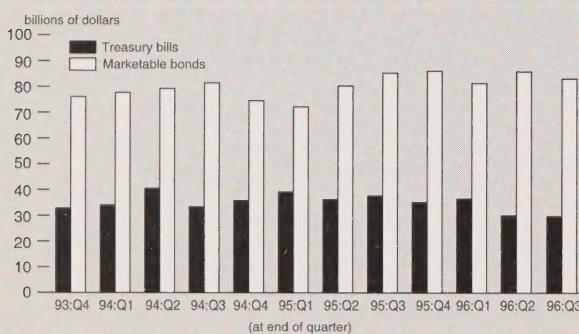
Source: Department of Finance.

## Forthcoming Government of Canada marketable bond maturities

|                          | (millions of dollars) |
|--------------------------|-----------------------|
| January to March 1997    | 8,200                 |
| April to June 1997       | 876                   |
| July to September 1997   | 9,600                 |
| October to December 1997 | 2,775                 |
| January to March 1998    | 14,722                |

Source: Department of Finance.

## Foreign holdings of Government of Canada securities



Source: Statistics Canada.

## Government of Canada marketable debt issues (April 1, 1996 to December 2, 1996)

|              | Treasury bills | Marketable bonds |
|--------------|----------------|------------------|
| Gross issues | 223.1          | 39.0             |
| Maturities   | 247.2          | 17.9             |
| Net issues   | -24.1          | 21.1             |

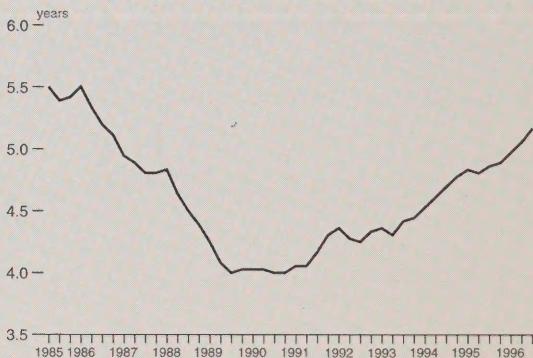
Source: Department of Finance.

## Outstanding Government of Canada/U.S. dollar-denominated debt (as of November 30, 1996)

|   | (millions of U.S. dollars) |
|---|----------------------------|
| Canada bills  | 5,091                      |
| Canada notes  | 1,435                      |
| Floating rate note maturing February 1999 (paying LIBOR less 25 basis points) | 2,000                      |
| 6 1/2% notes maturing July 7, 1997  | 2,000                      |
| 6 1/2% bonds maturing May 30, 2000  | 1,500                      |
| 6 1/2% bonds maturing May 30, 2001  | 1,000                      |
| 6 1/2% bonds maturing July 21, 2005   | 1,500                      |
| 6 1/2% bonds maturing Aug 28, 2006  | 1,000                      |

Source: Department of Finance.

## Average term to maturity of Government of Canada marketable debt



Source: Bank of Canada Review.

Except as noted, the information in **Government of Canada Securities** is based upon data available as of November 29, 1996. For further information, contact Nigel Stephens at (613) 943-1944. Cet imprimé est également offert en français.



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